

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

FIRST-CLASS MAIL PACKAGE SERVICE (FCPS)
SERVICE STANDARD CHANGES, 2021

Docket No. N2021-2

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO QUESTION
8.B OF PRESIDING OFFICER'S INFORMATION REQUEST NO. 1**
(July 7, 2021)

The United States Postal Service hereby provides its response to the above-listed question of Presiding Officer's Information Request No. 1, issued on June 28, 2021. Each question is stated verbatim and followed by the response. The response to Question 8.a was filed on July 6 (along with responses to all other questions), but is reproduced here for convenience, as well as to generate a unified response to question 8 for potential inclusion in the evidentiary record.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Anthony Alverno
Chief Counsel, Global Business & Service
Development

Eric P. Koetting
Elizabeth A. Reed
C. Dennis Southard IV

475 L'Enfant Plaza, S.W.
Washington, D.C. 20260-1135
(202) 277-6333
eric.p.koetting@usps.gov
July 7, 2021

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS HAGENSTEIN TO
PRESIDING OFFICER'S INFORMATION REQUEST NO. 1**

8. Please refer to USPS-T-1 at 4. The Postal Service states that “[c]harters were used in FY 2020 to mitigate the lack of commercial air capacity availability during the COVID-19 pandemic. However, given the continued high levels of network package volumes, even as commercial air capacity improves as pandemic conditions evolve, absent the proposed changes in service standards, charters would continue to be required to handle this package volume.”
- a. Please provide any and all analyses, surveys, and other information that supports the abovementioned claim.
 - b. Please provide the actual percentage of air charters used for the last 5 years prior to the COVID-19 pandemic.

RESPONSE:

- a. Please see ‘Charter Costs by Month FY20-FY21MarYTD.xlsx’, filed under seal as part of USPS-LR-N2021-2-NP5. While the details of the charts displayed therein are commercially sensitive, the broad outline is as follows. CAIR capacity decreased at the beginning of the pandemic, visible in April 2020 (blue lines). At the same time, total demand (orange lines) increased, causing a need for supplemental air capacity provided by the charters (grey lines). As CAIR capacity started returning in July, the need for charters decreased but remained above pre-COVID levels. At the time of the proposal, it was estimated that demand in the network would continue to drive the need for charters, even with CAIR capacity returning to pre-COVID levels.
- b. Shown in the table below is the actual percentage of charter use (expressed as a percentage of total air costs – excluding Alaska) for each of the five years prior to the emergence of the pandemic in FY 2020. (In the source notes, “XX” is used to represent years. Thus, for FY 2019, the

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS HAGENSTEIN TO
PRESIDING OFFICER'S INFORMATION REQUEST NO. 1**

cited information can be found in USPS-FY19-32 and USPS-FY19-2.)

FY	Charters	Total Air Costs Except Alaska (Component 142)	% Air Costs
Column	(1)	(2)	(3)=(1)/(2)
FY 2019	\$ 59,841,000	\$ 2,912,730,128	2.1%
FY 2018	\$ 95,760,112	\$ 2,751,698,843	3.5%
FY 2017	\$ 24,228,312	\$ 2,347,356,410	1.0%
FY 2016	\$ 51,183,000	\$ 2,333,845,584	2.2%
FY 2015	\$ 18,663,000	\$ 2,022,062,113	0.9%
Sources:			
(1) USPS-FYXX-32, workbook CS14, tab 14.3, 1000*sum(H36:H38)			
(2) USPS-FYXX-2, tab CS14, cell C60 (or C61)			